

Message Text

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ACTION EUR-12

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TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 DOTE-00

PA-02 PRS-01 TAR-01 SSO-00 NSCE-00 INRE-00 USIE-00

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TAGS: EIND, ETRD, CA, US

SUBJ: U.S.- CANADA AUTO AGREEMENT

REF: OTTAWA 333

1. MONTREAL GAZETTE OF JAN 28 REPORTS THAT INUDSTRY, TRADE AND COMMERCE MINISTER JAMIESON SAID ON JAN 27 THAT HE WANTS TO MEET SOON WITH SECRETARY OF COMMERCE-DESIGNATE RICHARDSON TO DISCUSS THE AUTO AGREEMENT. "I WOULD PLAN TO GO TO WASHINGTON AS SOON AS IT IS CONVENIENT FOR HIM TO DISCUSS A WHOLE RANGE OF MATTERS, AND OF COURSE THE AUTO PACT WOULD BE PROMINENT AMONG THEM." JAMIESON REPORTEDLY AGREED THERE ARE PROBLEMS WITH THE PACT BUT SAID, "I WOULD NOT WANT TO USE THE WORD WAR. CLEARLY AGREEMENT ON A MATTER OF THIS MAGNITUDE IS BEST ACHIEVED THROUGH NEGOTIATION." JAMIESON SAID HE THOUGHT CANADA AND U.S. HAD BENEFITED EQUALLY FROM THE PACT. HE SAID THE ITC REPORT SHOWS RESULTS "SEEM TO DEPEND ON THE MOMENT IN TIME WHEN AN ASSESSMENT IS MADE. THE OFFICIAL POSITION OF BOTH GOVERNMENTS IS THAT THE AUTO PACT HAS BEEN BENEFICIAL

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TO BOTH COUNTRIES. I DON'T THINK THAT THE UNITED STATES

GOVERNMENT, AS FAR AS I CAN TELL FROM THE BRIEFINGS I HAVE HAD SINCE BECOMING MINISTER, OR WE OURSELVES, WOULD MAKE ANY MOVE TO ABANDON IT." WHILE JAMIESON SAID HE DID NOT THINK THE PACT WOULD BE COMPLETELY RENEGOTIATED, HE REPORTEDLY SAID HE EXPECTED SOME CHANGES WOULD RESULT FROM HIS TALKS WITH THE USG AND CANADIAN MANUFACTURERS.

2. IN HOUSE OF COMMONS QUESTION PERIOD OF JAN 27, MINISTER JAMIESON AND NDP LEADER BROADBENT HAD THE FOLLOWING EXCHANGE:

BROADBENT: "MR. SPEAKER, I HAVE A QUESTION FOR THE MINISTER OF INDUSTRY, TRADE AND COMMERCE. SINCE ONE OF THE PERFECTLY LEGITIMATE OBJECTIONS THE UNITED STATES GOVERNMENT HAS TO THE OPERATION OF THE CANAD-U.S. AUTOMOTIVE AGREEMENT HAS BEEN THE COMPLETE FAILURE OF THE CANADIAN GOVERNMENT, AFTER TEN YEARS, TO OBTAIN PRICE PARITY FOR IDENTICAL PRODUCTS ON BOTH SIDES OF THE BORDER, RESULTING IN A SITUATION IN WHICH CANADIAN CONSUMERS CAN PAY UP TO \$500 MORE THAN AMERICANS FOR THE SAME CAR, I SHOULD LIKE TO ASK THE MINISTER WHETHER THE GOVERNMENT IS NOW PREPARED TO ASSURE THE PEOPLE OF CANADA PRIMARILY, AS WELL AS THE AMERICANS, THAT PRICE PARITY WILL BE ACHIEVED IN AUTOMOBILE PRODUCTS THIS YEAR."

JAMIESON: "MR. SPEAKER, WHEN THE HON. MEMBER TALKS ABOUT THE REACTION OF THE U.S. GOVERNMENT I AM NOT SURE WHETHER HE IS REFERRING TO STATEMENTS WHICH WERE ALLUDED TO YESTERDAY IN PRESS REPORTS. I WOULD POINT OUT THAT IN FACT THE VIEW EXPRESSED YESTERDAY WAS NOT THAT OF THE UNITED STATES GOVERNMENT - I WISH TO MAKE THAT CLEAR. NOR HAVE I SEEN THE FORMAL REPORT; MERELY PRESS STORIES ON IT. AS TO THE QUESTION OF WHETHER WE CAN GUARANTEE PARITY IN THE CURRENT YEAR I WOULD NOT, FOR OBVIOUS REASONS, WISH TO MAKE THAT KIND OF COMMITMENT; I AM NOT SATISFIED I WOULD BE ABLE TO CARRY IT OUT. HOWEVER, I CAN ASSURE THE HON. MEMBER AND THE HOUSE THAT WE ARE WORKING TOWARD PARTIY, AND THIS WILL CLEARLY BE ONE OF THE MATTERS WE SHALL BE

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DISCUSSING NOT ONLY WITH UNITED STATES INTERESTS, THAT IS, IN TERMS OF GOVERNMENT INTERESTS, BUT ALSO WITH REPRESENTATIVES OF THE AUTOMOBILE INDUSTRY HERE IN CANADA AS WELL, DURING THE MEETINGS NOW GOING ON IN CONNECTION WITH THE AUTO PACT."

BROADBENT: "A SUPPLEMENTARY QUESTION, MR. SPEAKER. SINCE NOT ONLY THIS MINISTER BUT HIS TWO PREDECESSORS

MADE THE SAME KIND OF GENERAL STATEMENT, I SHOULD LIKE TO PICK UP ONE POINT IN WHAT THE MINISTER SAID. THE MINISTER SAID HE WAS NOT SURE THAT HE CAN CARRY OUT A COMMITMENT THIS YEAR TO ACHIEVE PRICE PARITY. GIVEN THE FEDERAL GOVERNMENT'S CONTROL OVER TARIFFS AND OVER TAX POLICY, WHY IS IT NOT POSSIBLE FOR THE GOVERNMENT TO USE THESE WEAPONS WITH THE AUTOMOTIVE COMPANIES IN CANADA IN ORDER TO ACHIEVE PRICE PARITY?"

JAMIESON: "FOR THE SIMPLE REASON, MR. SPEAKER, THAT TO USE THOSE IN ISOLATION MIGHT PUT IN JEOPARDY THE WHOLE CONCEPT OF THE AUTO PACT. SURELY, THE APPROACH MUST BE THE ONE THAT WE ARE UNDERTAKING NOW, WHICH IS TO MAKE A THROOUGH ASSESSMENT OF THE EFFECTS ON BOTH SIDES OF THE BORDER AND TO AIM TOWARD WHAT I HAVE ALREADY STATED TO BE MY OBJECTIVE. HON. MEMBERS HAVE SAID THAT IT HAS BEEN THE OBJECTIVE FOR MANY YEARS, BUT THE FACT IS THAT WE ARE GETTING CLOSER TO PARITY AND I HOPE WE CAN CONTINUE TO NARROW THE GAP. NEVERTHELESS, I WANT TO KNOW FROM THE COMPANIES IN SPECIFIC TERMS WHY THE GAP EXISTS, AND IT IS FOR THAT REASON THAT I AM INITIATING TALKS WITH THEM."

BROADBENT: "A FINAL SUPPLEMENTARY QUESTION, MR. SPEAKER, I WOULD URGE THE MINISTER TO MAKE THAT APPROPRIATE MOVE TOWARD THE UNITED STATES. SO FAR AS CANADIAN WORKERS ARE CONCERNED, IS THE GOVERNMENT NOW PROPOSING TO THE UNITED STATES THAT ONE OF THE CHANGES THAT SHOULD BE MADE IN THE PACT IS TO GUARANTEE TO CANADIAN PRODUCERS THE RIGHT TO PRODUCE IN DOLLAR VALUE NORTH AMERICAN AUTOMOBILES AND PARTS, ON AN ANNUAL BASIS AVERAGED OVER TWO OR THREE YEARS, TO THE ACTUAL LEVEL OF CONSUMPTION OF CARS AND PARTS, THAT

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CANADIANS ACTUALLY CONSUME?"

JAMIESON: "MR. SPEAKER, I HOPE THE HON. MEMBER WILL NOT FEEL THAT I AM EVADING HIS QUESTION, BUT I AM NOT GOING TO DISCLOSE IN PUBLIC WHAT OUR NEGOTIATING STANCE IS GOING TO BE IN SPECIFIC TERMS. IF THE HON. MEMBER IS TALKING ABOUT OUR GETTING FULL VALUE IN TERMS OF CANADIAN PARTICIPATION IN THE AUTO PACT, THE ANSWER IS YES AND I AM PURSUING THAT AGGRESSIVELY ON BEHALF OF THE GOVERNMENT. BUT I DO NOT THINK ANY BENEFIT WOULD BE SERVED BY TALKING IN SPECIFIC TERMS ABOUT WHAT WE ARE GOING TO SAY TO THE AMERICANS."

3. CLASSIFIED COMMENT FOLLOWS SEPTTEL. JOHNSON

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